



**Actuarial Office**  
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December 16, 2008

**AGENDA ITEM 7**

**TO: MEMBERS OF THE BENEFITS AND PROGRAM ADMINISTRATION  
COMMITTEE**

**I. SUBJECT:** EFI's Parallel Valuation and Certification of the  
Judges' Retirement System (JRS) Actuarial  
Valuation as of June 30, 2007

**II. PROGRAM:** Actuarial Office

**III. RECOMMENDATION:**

It is recommended that the Committee accept and recommend to the full Board the acceptance of EFI's report on the parallel valuation and certification of the actuarial valuation of JRS in completion of Task 6 of Contract 2003-3236. A copy of EFI's report is included in Attachment 1.

**IV. ANALYSIS:**

EFI has recently completed a parallel actuarial valuation of Judges' Retirement System as of June 30, 2007, and has certified that the liabilities and costs computed in the June 30, 2007 JRS valuation are reasonable and were computed in accordance with generally accepted actuarial principles. EFI's independent parallel valuation matched, within 3.2%, the present value of benefits calculated by CalPERS actuaries.

As part of their audit, EFI noted that recent statements from the Governmental Accounting Standards Board (GASB) concerning certain non-pension benefits (GASB Statements 43 and 45) raise some concern that the discount rate of 7% used to compute pension benefit liabilities under GASB Statements 25 and 27 may need to be changed in the future for JRS accounting disclosures since the Plan is not being pre-funded. Staff has been and will continue to monitor this

issue and will make appropriate changes as required in the future. Staff would also be happy in both establishing communications and working with the State Controller's Office in setting the discount rate for purposes of pension accounting disclosure.

**V. STRATEGIC PLAN:**

This item is not a specific product of the Strategic or Annual Plans but is part of the regular and ongoing workload of the Actuarial Office.

**VI. RESULTS/COSTS:**

There are no costs associated with this item other than the payments of EFI's fee under Contract 2003-3236.

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Gale D. Patrick, Senior Pension Actuary  
Actuarial Office

Ronald L. Seeling, Chief Actuary  
Actuarial & Employer Services Branch

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Attachments

# BPAC AGENDA ITEM 6

## Attachment 1

### EFI'S REPORT ON THE JUNE 30, 2007 PARALLEL VALUATION OF THE JUDGES' RETIREMENT SYSTEM